



Monetary Authority of Singapore

Response to Feedback Received

P013-2021– 20 March 2023

FI-FI Information-Sharing Platform for AML/CFT



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1. Preface

- 1.1. On 1 October 2021, the Monetary Authority of Singapore (“MAS”) issued a consultation paper¹ on the introduction of a regulatory framework and platform for financial institutions (“FIs”) to share risk information with each other to prevent and detect money laundering (“ML”), terrorism financing (“TF”), and proliferation financing² (“PF”). This secured digital platform, named **Collaborative Sharing of ML/TF Information & Cases**, or **COSMIC** in short, will enhance information exchange between FIs to more effectively detect and disrupt criminal activities.
- 1.2. The consultation period closed on 1 November 2021. MAS received 59 feedback submissions from 98 respondents and thanks all respondents for their feedback. Respondents to the public consultation were generally supportive of the proposed regulatory framework and introduction of COSMIC. The list of respondents is in Annex A, and the full submissions are provided in Annex B.
- 1.3. MAS has carefully considered the feedback received and, where appropriate, has incorporated them into (i) the proposed Financial Markets and Services (Amendment) Bill (the “FSM(A) Bill”) and (ii) design of the COSMIC platform. Feedback that is of wider interest, together with MAS’ responses, are set out below.

¹ Consultation Paper on the FI-FI Information Sharing Platform for AML/CFT: <https://www.mas.gov.sg/publications/consultations/2021/fi-fi-information-sharing-platform-for-amlcft>

² PF refers to the raising, moving or making available funds other assets or other economic resources, or financing, to individuals or entities for the purpose of weapons of mass destruction proliferation, including the proliferation of their means of delivery or related materials.



2. Key Information-Sharing Features of COSMIC

Modes of information sharing - Request, Provide and Alert

- 2.1. MAS had proposed that participant FIs share risk information with each other in three ways: Request, Provide and Alert. For Request and Provide, a participant FI (A) may request for and share risk information with another participant FI (B), where A's customer is a party to a transaction that involves B or B's customer and/or where A's customer is also a customer of B. Several respondents requested clarity on how they should ascertain the participant FI(s) with which risk information may be shared, and expressed difficulties in having to determine all participant FIs that their customer is also a customer of.
- 2.2. Participant FIs are expected, if the relevant criteria for sharing is met, to respond to Request messages, send Provide messages and place Alerts on customers within a reasonable time period, so that information from COSMIC is shared and can be acted upon in a timely manner. Several respondents asked that MAS prescribe specific time periods to avoid undue delays in risk information being shared on COSMIC as this may affect participant FIs' onboarding processes or risk assessment of its customers. On the other hand, a few respondents wanted some flexibility in the time periods to take into account circumstances which may result in participant FIs requiring more time to investigate and share relevant risk information with other participant FIs.
- 2.3. With regard to responding to Request messages, several respondents asked for further guidance on how they should ascertain whether the requested risk information is necessary for the assessment and determination of ML/TF/PF risk concerns. The respondents asked whether the receiving FI has any right to refuse a Request and if it is required to explain the reasons for the refusal to the initiating FI.
- 2.4. Lastly, in relation to Alert, one respondent suggested that, in addition to customers that participant FIs have decided to exit or have exited, prospective customers that have gone through the onboarding process but have been rejected by the participant FI for ML/TF/PF risk concerns should also be placed on the COSMIC watchlist.

MAS' Response

- 2.5. MAS will prescribe the specific FIs that will participate on COSMIC. In the initial phase, this will be the six banks that are major players in the commercial and small-medium enterprises ("SME") banking



segment³. A participant FI should share risk information with another participant FI only if the customer's unusual activities have crossed the stipulated threshold criteria applicable for that mode of sharing. For example, where a participant FI's customer exhibits multiple red flag behaviour that indicates that the customer may be involved in illicit activities and satisfies the stipulated threshold criteria for Provide, the participant FI (A) may proactively provide risk information to another participant FI (B) that it knows or has reason to believe has the same customer or that it knows is linked to the customer's transactions (for example, where B was a beneficiary institution or intermediary institution of funds that were transferred by A on behalf of A's customer). It is not MAS' intent for participant FIs to seek out all other participant FIs that the customer may have transacted with or is also a customer of, to send Request or Provide messages.

- 2.6. On the time periods for responding to Request messages, sending Provide messages and placing customers on the COSMIC watchlist, MAS will work with the six participant banks during the initial phase to calibrate the requirements, to set appropriate and reasonable time periods for the sharing of risk information. MAS will provide more information on the specific requirements in due course.
- 2.7. On responding to Request messages, a participant FI should, amongst others, refer to the explanation given by the requesting participant FI in its Request, to determine if it should accede to the Request. A participant FI that sends a Request to another participant FI will have to first ensure that the applicable threshold criteria for the Request is satisfied, set out the applicable high-risk indicators considered, and also explain in its Request how the risk information requested would assist it in assessing whether its customer may have been or may be concerned in ML/TF/PF. The participant FI receiving the Request may disclose the risk information requested only if the applicable threshold criteria is satisfied, if the risk information requested is necessary to assist the initiating FI in assessing the ML/TF/PF risk concerns as explained by the requesting participant FI in its Request, and if the kind and amount of information requested for is proportionate having regard to the ML/TF/PF risk concerns set out in the requesting participant FI's explanation in the Request. There will be appropriate communication channels on COSMIC which participant FIs may use to seek clarification from the requesting participant FI to determine whether the risk information requested should be furnished. A participant FI that declines to disclose the risk information must notify the requesting participant FI and communicate the reasons for the refusal to that participant FI using these on-platform communication channels.
- 2.8. To prevent illicit actors from "FI-hopping", MAS agrees that participant FIs should be allowed to share risk information on prospective customers. Where a participant FI has decided not to onboard a prospective customer due to serious ML/TF/PF risk concerns and it has filed an STR in respect of any property connected to that prospective customer, the participant FI may place that prospective customer on the COSMIC watchlist. Participant FIs will be able to extract from COSMIC key identifiers of customers that have been placed on the COSMIC watchlist to incorporate in their screening systems.

³ They are DBS, OCBC, UOB, SCB, Citibank, and HSBC.



Where there is a positive hit against the key identifiers, participant FIs should access the COSMIC watchlist to query for more risk information on the positive hit and use the risk information as part of their anti-money laundering/countering the financing of terrorism (“AML/CFT”) assessments on that customer.

Definition of “Relevant Party”

2.9. Several respondents requested clarifications on the class of persons that would qualify as a “relevant party”, on which participant FIs should be sharing risk information.

MAS’ Response

2.10. MAS intends for a “relevant party” to include a person who is a customer, seeks to be a customer or has been a customer of the prescribed financial institution, and will prescribe the persons who will be considered as a “relevant party” of a prescribed financial institution in regulations.

Red flags and threshold criteria

2.11. To ensure that participant FIs share risk information appropriately and for the purpose of combating ML/TF/PF, participant FIs must first assess that the customer has crossed the stipulated threshold criteria, which is based on permutations of red flag behaviour or circumstances exhibited by the customer, before initiating risk information sharing via COSMIC. Several respondents requested that MAS prescribe the red flags and threshold criteria to ensure consistency across participant FIs in triggering risk information sharing. Some respondents sought clarity on what the red flags are, how often they will be updated and whether they will be tailored to the key risks and specific FI sub-sectors. A few respondents also asked if MAS will be providing further guidance on how participant FIs should take into account the red flags and threshold criteria in their existing internal risk assessment and transaction monitoring processes.

2.12. One respondent suggested that participant FIs be permitted to share the red flags and threshold criteria with intra-group entities and their staff.



MAS' Response

- 2.13. The red flags and threshold criteria will be issued privately by MAS to all participant FIs, who will be legally obliged to keep such information confidential⁴. As explained in paragraph 3.5 of the consultation paper, the red flags and threshold criteria have to be kept confidential to avoid circumvention, especially by bad actors. The red flags are specific to the key risks identified and have been developed based on typologies involving these risks. MAS will work closely with participant FIs to review these red flags or introduce additional ones periodically or when necessary to take into account, amongst others, new risk areas for COSMIC, developments in criminal typologies, and typologies that are specific to particular types of FIs.
- 2.14. Participant FIs should not rely solely on information obtained from COSMIC when making AML/CFT decisions, but should consider such information when making its own risk assessment of customers' behaviours and transactions (i.e. such information complements other information that it has obtained from other sources, such as its own checks with the customer, review of the customer's transactions, public information or intelligence from authorities). This is because the participant FI that furnished the information on COSMIC may not have the full context of the customer's activity.
- 2.15. MAS recognises that participant FIs may conduct their risk management activities across local and overseas intra-group entities. Therefore, MAS will permit the sharing of the red flags and threshold criteria to designated officers of the participant FIs' intra-group entities, for the purposes of the participant FI making disclosures or requests on COSMIC.

Risk information to be shared

- 2.16. Several respondents asked if MAS will prescribe or provide further guidance on the extent of risk information that participant FIs should share with each other.

MAS' Response

- 2.17. Information sharing on COSMIC will be done via a structured data template that will be made available to all participant FIs. This will include fields for information relating to the customer including identifying information of the customer and the beneficial owners and authorised signatories of the

⁴ Unauthorised disclosure of the red flags and threshold criteria by FIs or their officers may be subject to penalties.



customer, details of the transactions in question, the red flag behaviour exhibited, and the risk analysis that is relevant to the customer relationship.



3. Legal Basis for Sharing and Use of Information

Interactions with banking confidentiality and data protection laws

- 3.1. Several respondents raised queries on the manner in which the information sharing framework under COSMIC would interact with the Banking Act 1970 (“BA”) and the Personal Data Protection Act 2012 (“PDPA”). Specifically, they sought clarification on whether the information sharing framework under COSMIC would override (i) the prohibition to disclose customer information under section 47 of the BA and data protection laws governing the collection, use, disclosure and care of personal data under the PDPA; and (ii) the need to obtain consent, or rely on the Legitimate Interest Exception, to collect, use, or disclose personal data under the PDPA.
- 3.2. There were also comments regarding foreign data privacy laws that might prohibit or restrict the disclosure of information, in particular information a participant FI receives from its overseas group affiliates.

MAS’ Response

- 3.3. The legislative framework for COSMIC was developed to ensure that the risks associated with the sharing of information are appropriately taken into account. The proposed amendments to the FSM(A) Bill set out the legislative safeguards for information sharing under Request, Provide, and Alert. It is important for the information sharing framework to be risk proportionate, with robust safeguards put in place, as the information sharing framework under COSMIC will apply notwithstanding any restrictions that may be imposed by any written law (including those under the BA) or contract.
- 3.4. In relation to the comments on the interaction between data protections laws under the PDPA and the information sharing framework under COSMIC, participant FIs may disclose personal data without customer consent on COSMIC,⁵ and are not required to comply with sections 21 and 22 of the PDPA on access and correction of personal data obligations, in respect of personal data received or accessed by

⁵ The PDPA applies concurrently with other laws and regulations enacted in Singapore. Section 4(6)(b) of the PDPA provides that in the event of an inconsistency between a provision in Parts 3 to 6B of the PDPA and any other written law, the provision in the other written law will prevail to the extent of the inconsistency.



the participant FI on COSMIC.⁶ This is to avoid potentially tipping off bad actors given that information sharing under COSMIC concerns customers that had exhibited red flag behaviours. Safeguards have also been included in the FSM(A) Bill to ensure confidentiality and prevent unauthorised disclosure of information that participant FIs had received or accessed on COSMIC. This strikes a balance between ensuring the protection of customers' personal data and preservation of participant FIs' ability to combat ML/TF/PF risks.

- 3.5. In relation to the comments on foreign data privacy laws, the information sharing framework under COSMIC is circumscribed to customers of participant FIs and their related activities in Singapore. MAS does not expect participant FIs to disclose information obtained from their overseas group affiliates on COSMIC.

Sharing of information received or accessed on COSMIC by participant FIs with its local and overseas affiliates, and third parties

- 3.6. MAS had proposed to permit a participant FI to disclose information which the participant FI had received or accessed on COSMIC to designated officers of the FI's overseas affiliates for ML/TF/PF risk management purposes, provided that the conditions set out in the relevant Schedule are met (for instance, the participant FI must have anonymised the identity of the other participant FI(s) or MAS where mentioned in the information). Some respondents highlighted the value of allowing participant FIs to share the full set of entities/persons on the COSMIC watchlist with its overseas affiliates to more effectively prevent bad actors from engaging in business relations with other group entities.
- 3.7. In addition, a number of respondents had referenced the disclosures of customer information allowed for under the Third Schedule of the BA, to suggest also permitting disclosure of platform information in connection with (i) the merger or proposed merger of the participant FI or its financial holding company with another company; (ii) any acquisition or issue, or proposed acquisition or issue, of any part of the share capital of the participant FI or its financial holding company, whether or not the merger or acquisition is subsequently entered into or completed; and (iii) the performance of the duties as a professional adviser of the participant FI (for example, a lawyer, consultant or other professional adviser appointed or engaged by the bank in Singapore under a contract for service).

⁶ Specifically, the FSM(A) Bill provides that sections 21 and 22 of the PDPA do not apply to a participant FI in relation to any personal data about an individual that is in the possession or under the control of the participant FI, if the personal data was information received by the participant FI under a Request or Provide on COSMIC, or accessed by the participant FI under Alert (i.e. on the COSMIC watchlist).



MAS' Response

- 3.8. MAS agrees that allowing participant FIs to share the COSMIC watchlist with its overseas affiliates would enable financial groups and the global AML/CFT community to more effectively disrupt cross-jurisdictional illicit activities. As such, MAS will allow a participant FI to do so for its overseas group affiliates' ML/TF/PF risk management purposes only, subject to the condition that the identities of all participant FIs and MAS (including their officers) that provided the information or were named in the information are anonymised. MAS also envisages that a participant FI should only disclose to its overseas group affiliates the key identifiers of customers that have been placed on the COSMIC watchlist for screening purposes (please see paragraph 2.8). Where there is a positive hit against the key identifiers, the participant FI can then access the COSMIC watchlist for more risk information on the customer which the FI and its overseas group affiliates could use for their AML/CFT assessment of the customer.
- 3.9. MAS also recognises the value of extending the purposes for which information received or accessed on COSMIC may be disclosed – (i) on mergers and acquisitions, such information may need to be shared with parties involved in the proposed merger or acquisition to assess the ML/TF/PF risks of the business and hence the viability of the proposed deal; and (ii) on disclosures to lawyers or consultants, disclosure of such information may be necessary for them to discharge their duties, for example, with the provision of advice on legal or regulatory obligations in relation to AML/CFT or COSMIC. As such, MAS will allow disclosure of information received or accessed on COSMIC for these purposes, subject to the condition that where the disclosure is made to any person who is outside of Singapore, is ordinarily resident outside Singapore, or is not part of the disclosing FI's financial group, the identities of the other participant FIs and MAS (as well as their officers) mentioned in the information is anonymised.
- 3.10. In general, onward disclosure of information received and accessed on COSMIC by participant FIs would only be permitted for the purposes, to such persons and subject to the conditions as specified in the FSM(A) Bill. Participant FIs should also have in place appropriate controls and processes to manage any risks of tipping off, information leakage and unauthorised disclosure from such onward disclosures.

Statutory protection against civil liabilities

- 3.11. MAS had proposed to confer participant FIs with statutory protection from civil liability in respect of their disclosure of information onto COSMIC, if such disclosure was done with reasonable care and in good faith. Some respondents suggested extending the scope of this statutory protection to include permitted onward disclosures of information that participant FIs receive or access on COSMIC (for example onward disclosure to intra-group entities or entities performing the participant FIs' outsourced operational functions for ML/TF/PF risk management).



3.12. Some respondents also suggested a lower standard of care, to only require a participant FI to act in good faith in order to avail itself of the statutory protection from civil liability.

MAS' Response

3.13. The proposed statutory protection serves to protect participant FIs from undue legal challenges arising from their participation on COSMIC. Such protection is key for the effective implementation of COSMIC as it will provide participant FIs confidence that legitimate information sharing to highlight higher risk customers and their related activities, as permitted under legislation, will not consequently expose them to civil suits.

3.14. Onward disclosures of COSMIC information by a participant FI to its intra-group entities or to entities performing outsourced AML/CFT operational functions are, in general, permitted only for the ML/TF/PF risk management of the participant FI or its financial group. Such disclosures are no different in nature from other existing forms of group-wide/outsourced service provider information sharing currently practised (e.g. highlighting adverse media reports and sharing internal risk assessments). Hence, MAS is of the view is that there is no need to confer statutory protection for permitted onward disclosures of information that participant FIs received or accessed on COSMIC. As such, MAS will maintain the proposed scope and standard of care, to confer statutory protection from civil liability to participant FIs only in respect of their disclosure of information onto COSMIC, if the FI had exercised reasonable care and acted in good faith.

STR filing obligations

3.15. Several respondents raised queries on the manner in which the risk information sharing obligations under COSMIC would interact with STR filing obligations under section 45 of the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992 ("CDSA"). They sought clarification on (i) the need to file an STR following receipt of risk information from other participant FIs on COSMIC; (ii) the need to file an STR following disclosure of risk information on COSMIC; and (iii) the possibility of operational integration or streamlining to minimise duplication in reporting.



MAS' Response

- 3.16. An FI is required to file an STR if it knows or reasonable grounds to suspect that any property is related to drug dealing or criminal conduct.⁷ The sharing of risk information on COSMIC by participant FIs does not change this requirement. A participant FI that has disclosed risk information on COSMIC must still file an STR if there are grounds for doing so under section 45 of the CDSA.⁸
- 3.17. While risk information that a participant FI receives via COSMIC is a source of information that it should consider in its ML/TF/PF risk discovery and mitigation measures, the participant FI should not rely solely on such information from COSMIC in its risk assessment. It should make an independent risk assessment using information from COSMIC in combination with other sources of information, such as its own checks with the customer and its own review of the customer's transactions. If there are grounds for filing an STR, the participant FI must file an STR as required under the CDSA and MAS' AML/CFT notices.
- 3.18. MAS recognises the benefits of integrating and streamlining relevant operational processes for STR reporting and information sharing under COSMIC. We will explore solutions to do so as part of future enhancements to COSMIC.

⁷ Under section 45(1) of the CDSA, where a person knows or has reasonable grounds to suspect that any property –

(a) in whole or in part, directly or indirectly, represents the proceeds of;

(b) was used in connection with; or

(c) is intended to be used in connection with,

any act which may constitute drug dealing or criminal conduct (as the case may be) and the information or matter on which that knowledge or suspicion is based came to his attention in the course of his trade, profession, business or employment, he must disclose the knowledge, suspicion or the information or other matter on which that knowledge or suspicion is based to a Suspicious Transaction Reporting Officer as soon as is reasonably practicable after it comes to his attention.

⁸ To be clear, participant FIs should not consider risk information sharing under COSMIC as an automatic trigger to file an STR in respect of any property that is connected to a customer that is the subject of a Request or Provide. Participant FIs should make an independent assessment as to whether the red flag behaviour exhibited by the customer and the circumstances warrant the filing of an STR.



4. Conducting Reviews of Customer Relationships

- 4.1. MAS sought feedback on introducing a requirement for FIs to put in place a process to review its customer relationships with potentially suspicious activity/behaviour before exiting an account. This included allowing the customer adequate opportunity to explain the activity or behaviour which the FI has assessed to be potentially suspicious.
- 4.2. Respondents asked whether FIs would be required to inform their customer that they have obtained information on them through COSMIC.
- 4.3. Some respondents expressed concerns with the introduction of this requirement, citing two main concerns: (i) seeking an explanation from a customer under such circumstances would risk tipping off the customer, and (ii) additional operational burden will be placed on FIs, especially if they come across unresponsive customers.

MAS' Response

- 4.4. As with other confidential sources of information, FIs should not disclose to their customer that they have obtained information on them through COSMIC. FIs should also not inform their customer that they have shared or intend to share their information via COSMIC, to avoid potentially tipping off criminals.
- 4.5. Where a customer exhibits unusual behaviour, the FI should seek an explanation from the customer as part of its due diligence process. The FI should properly manage such enquiries to ensure that their responses would not constitute "tipping off" within the context of the CDSA. As a customer stands to be adversely affected by the loss of a financial service, the FI should provide the customer a reasonable chance to give an explanation, and take this explanation into account in its risk assessment. From an AML/CFT perspective, doing so can improve the accuracy of risk assessments and lead to better-quality decisions for FIs. Notwithstanding that, MAS recognises that a customer may be uncontactable despite repeated attempts to contact them, and does not expect an FI to obtain a reply from the customer before making its decision as long as reasonable attempts have been made to reach out to the customer. MAS will further consider and provide further details on this at a later date.



5. Phased Implementation of COSMIC

- 5.1. Respondents asked how long the initial phase for COSMIC is expected to be and whether the information sharing framework under COSMIC would be expanded to other risk areas and classes of FIs and products in future.

MAS' Response

- 5.2. The initial phase is expected to last for approximately two years after the launch of COSMIC. The FSM(A) Bill sets out the provisions for the initial phase for COSMIC only, during which the six participant banks will be permitted to share information on COSMIC on a voluntary basis. MAS will review and adjust this period as necessary to achieve operational stability and provide participant FIs with sufficient time for implementation. In addition, MAS plans to progressively extend COSMIC to a wider segment of the financial sector and expand the key areas of focus in subsequent phases, as appropriate. Some aspects of information sharing will also be made mandatory in subsequent phases. Further legislative amendments will be proposed for subsequent phases, drawing from MAS' and the banks' experience in implementing the initial phase. MAS will duly consult affected FIs as well as publicly, as these plans are firmed up.



Annex A

List of respondents to the consultation paper on FI-FI information sharing platform for AML/CFT

1. AAM Advisory Pte. Ltd., who requested for their comments to be kept confidential
2. AIA Singapore Private Limited
3. Amazon Web Services, Inc., who requested for their comments to be kept confidential
4. American Express International Inc., Singapore Branch, who requested for their comments to be kept confidential
5. Aon Singapore Pte Ltd
6. Asia Securities Industry and Financial Markets Association
7. Association of Independent Wealth Managers
8. BioQuest Advisory Pte. Ltd. and TigerGraph Pte. Ltd.
9. Etiqa Insurance Pte. Ltd.
10. FWD Singapore Pte. Ltd.
11. Ingenia Consultants Pte. Ltd., who requested for their comments to be kept confidential
12. Lloyd's of London Asia Pte Ltd.
13. Lymon Pte. Ltd., who requested for their comments to be kept confidential
14. Manulife (Singapore) Pte Ltd and Manulife Financial Advisers Pte Ltd
15. Maybank Singapore Limited, who requested for their comments to be kept confidential



16. MUFG Bank, Ltd.
17. MUFG Securities Asia Limited, who requested for their comments to be kept confidential
18. NICE Actimize
19. Paypal Pte. Ltd., who requested for their comments to be kept confidential
20. Quantexa Pte Ltd
21. R3
22. Rajah & Tann Singapore LLP, who requested for their comments to be kept confidential
23. SALV OY
24. Schrodgers & Co. (Asia) Limited, and Schroder Investment Management (Singapore) Ltd, who requested for their comments to be kept confidential
25. Securities Association of Singapore, who requested for their comments to be kept confidential
26. Sumitomo Mitsui Banking Corporation Singapore Branch
27. Tokio Marine Life Insurance Singapore
28. Wise Asia-Pacific Pte. Ltd.
29. Respondent A who requested for their identity to be kept confidential
30. Respondent B who requested for their identity to be kept confidential
31. Respondent C who requested for their identity to be kept confidential
32. Respondent D who requested for their identity and some comments to be kept confidential
33. Respondent E who requested for their identity to be kept confidential
34. Respondent F who requested for their identity to be kept confidential



35. 25 respondents who requested for full confidentiality of identity and comments

Please refer to Annex B for the submissions.